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31EX

Transcript Exhibit(s)

W-2450A-04-0837

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AZ CORP COMMISSION
DOCUMENT CONTROL

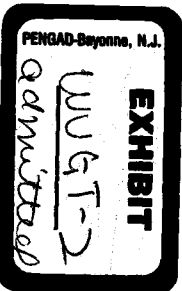
COUNTRY: Maricopa

HARQUAHUA VALLEY ROAD

BASELINE

DOBBINS
ELLIOT RD.
NARRAMORE RD.
RAY ROAD

Water Utility of Greater Tonopah, Inc.
Docket No. W-2450-04-837
Application for Extension



PROJECT DESCRIPTION

The proposed Hassayampa Ranch masterplanned community is comprised of approximately 2050 total acres. The property is located in Maricopa County, Arizona, between 323rd and 343rd avenues, two and one half miles north of Interstate 10. Bethany Home Road is the northern boundary for the site and Camelback Road will bisect the Property, which stretches south to Indian School Road. Project entries are proposed at 339th Avenue and Camelback Road and 331st Avenue and Indian School Road.

The property is being acquired for cash at \$13,000 per net acre or an estimated total purchase price of \$26,000,000. The purchase agreement permits a 60 day feasibility period followed by a close of escrow 60 days later. The buyer has the right to extend the close of escrow for two 30 day periods by payment of a small fee (\$35,000) for each thirty days requested. The payments would not apply to the purchase price. There are two conceptual land plans for the project, the first offering four distinct masterplans aggregating almost 6,000 residential units. While the plan is being designed as a cohesive masterplan, the property can be divided into four sub phases as part of one business model exit strategy. The second conceptual land plan includes almost 5,500 total residential units, of which approximately 2500 units will belong to an active adult village. A golf course and clubhouse, totaling 258 acres, will highlight the active adult community. An additional 279 acres are designated for open space and there is a school site proposed for the family portion of the community. Commercial parcels located along Camelback Road at 331st and 339th avenues total about 59.5-acres.

The initial phase of the project is expected to attract entry-level buyers, value-oriented families and retirees. The amenity package, for both the active adult and family portions of the master plan, will be significant in order to persuade buyers to tolerate longer commute times to the Property. Given the Property's location and access and the number of competitors anticipated to enter the marketplace east of the subject within the Buckeye town limits, we expect low base prices and family-friendly amenities to be the overriding draws to attracting buyers. The non-age restricted portion of Hassayampa Ranch would include landscaped greenbelts, a network of parks and sporting fields, and a community center with a complete spectrum of fitness facilities, lounge area, meeting rooms and an aquatics facility combining a resort-style pool, lap swimming and children's play pool.

Land Use Allocation			
Use	Area, ac		
Commercial	59.5		
Mixed Use	19.4		
Residential	1401.4		
Schools	24.7		
Public	18.7		
Open Space	451.5		
Roadways	91.4		
Total	2056.6		

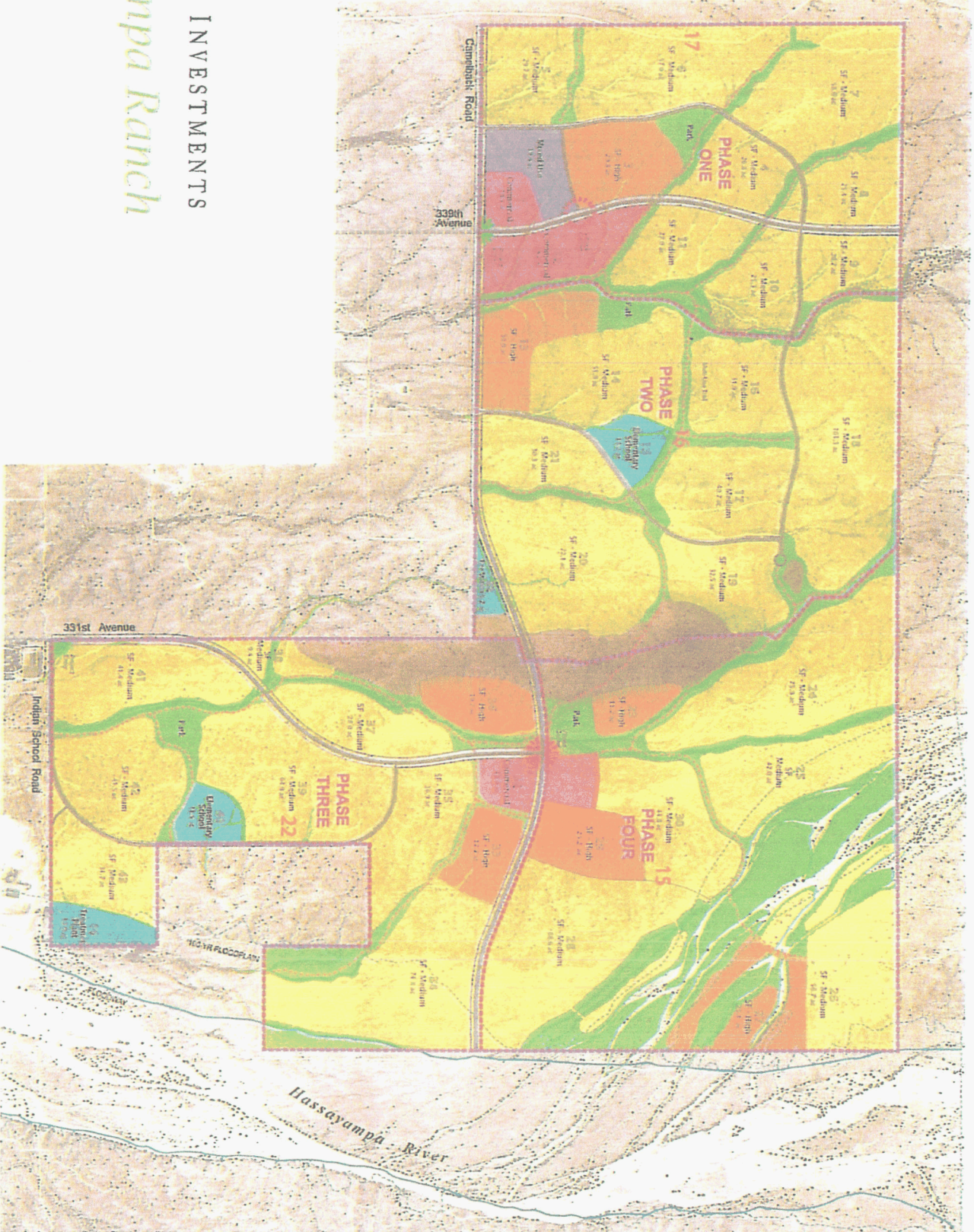
Residential Data			
Use	Area, ac	DU/ac	Units
Single Family	1267.9	4.0	5071
Medium Density			
Single Family	133.6	7.0	935
High Density			
Total	1249.0		6006



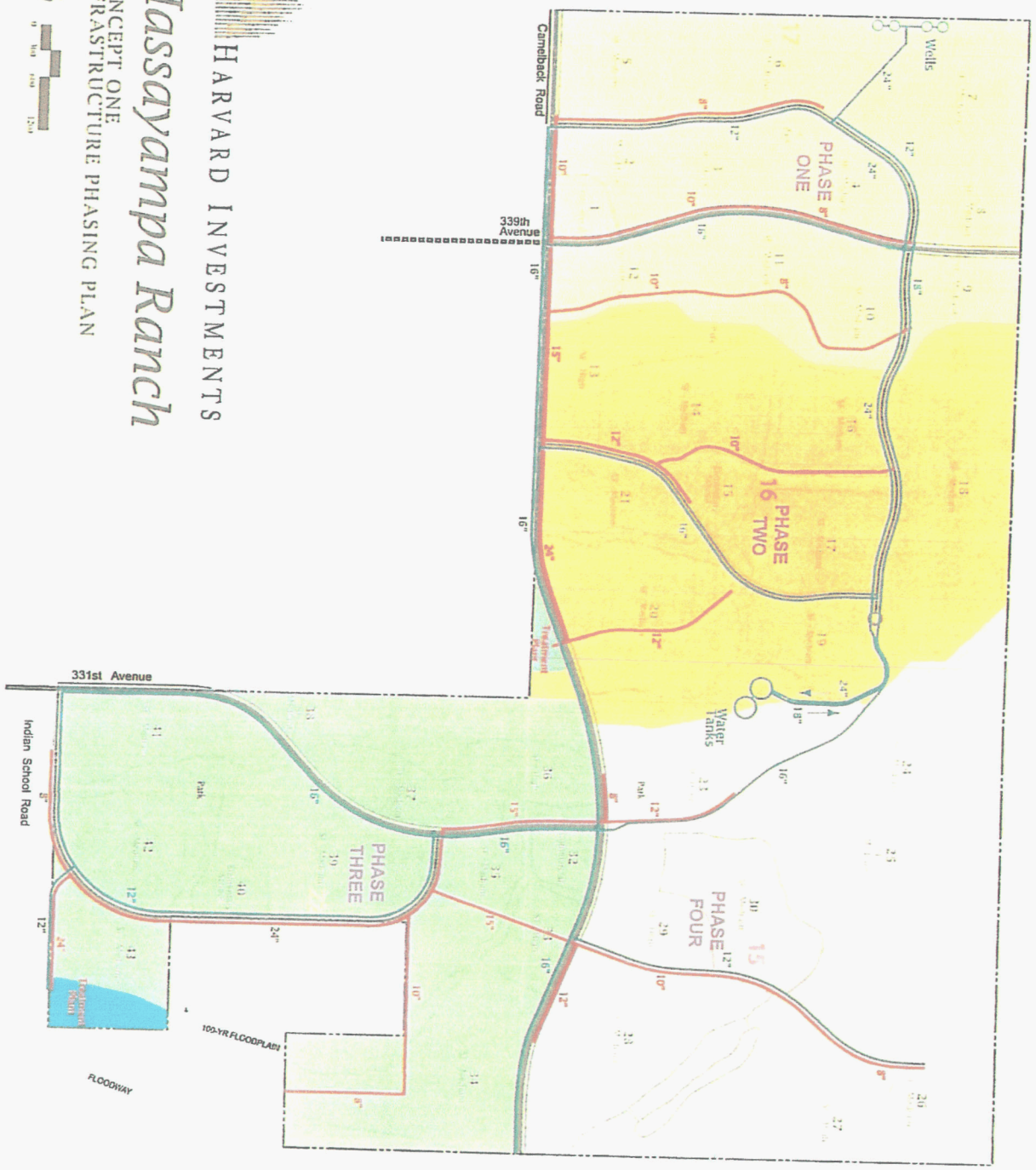
CONCEPT ONE
PHYSICAL PLAN

Hassayampa Ranch

HARVARD INVESTMENTS



HARVARD INVESTMENTS *Hassayampa Ranch* CONCEPT ONE INFRASTRUCTURE PHASING PLAN



Hassayampa River

LEGEND

- 16" Water
- 10" Sewer
- Paving

EXHIBIT
WGT-3
admitted
 PENGAD-Bayonne, N.J.

Exhibit # 10

LAND USE PLAN

LEGEND:



MIXED USE



CRC: COMMUNITY RETAIL CENTER



HCR: HIGH DENSITY RESIDENTIAL
(16 OR MORE DWELLING UNITS
PER ACRE)



MDR: MEDIUM DENSITY RESIDENTIAL
(6 TO 15 DWELLING UNITS PER ACRE)



SLR: SMALL LCT RESIDENTIAL
(2 TO 5 DWELLING UNITS PER ACRE)



EDUCATIONAL FACILITY



ROS: RECREATIONAL OPEN SPACE



DOS: DEDICATED / NON-DEVELOPABLE
OPEN SPACE



PUBLIC FACILITY



AA: ACTIVE ADULT UNITS

● PROJECT GROSS DENSITY 276 DWELLING UNITS PER ACRE

● RESIDENTIAL NET DENSITY 148 DWELLING UNITS PER ACRE

● LOCATION AND SIZE OF MIN. PARKS IS APPROXIMATE

HASSAYAMPA RANCH



HARVARD INVESTMENTS

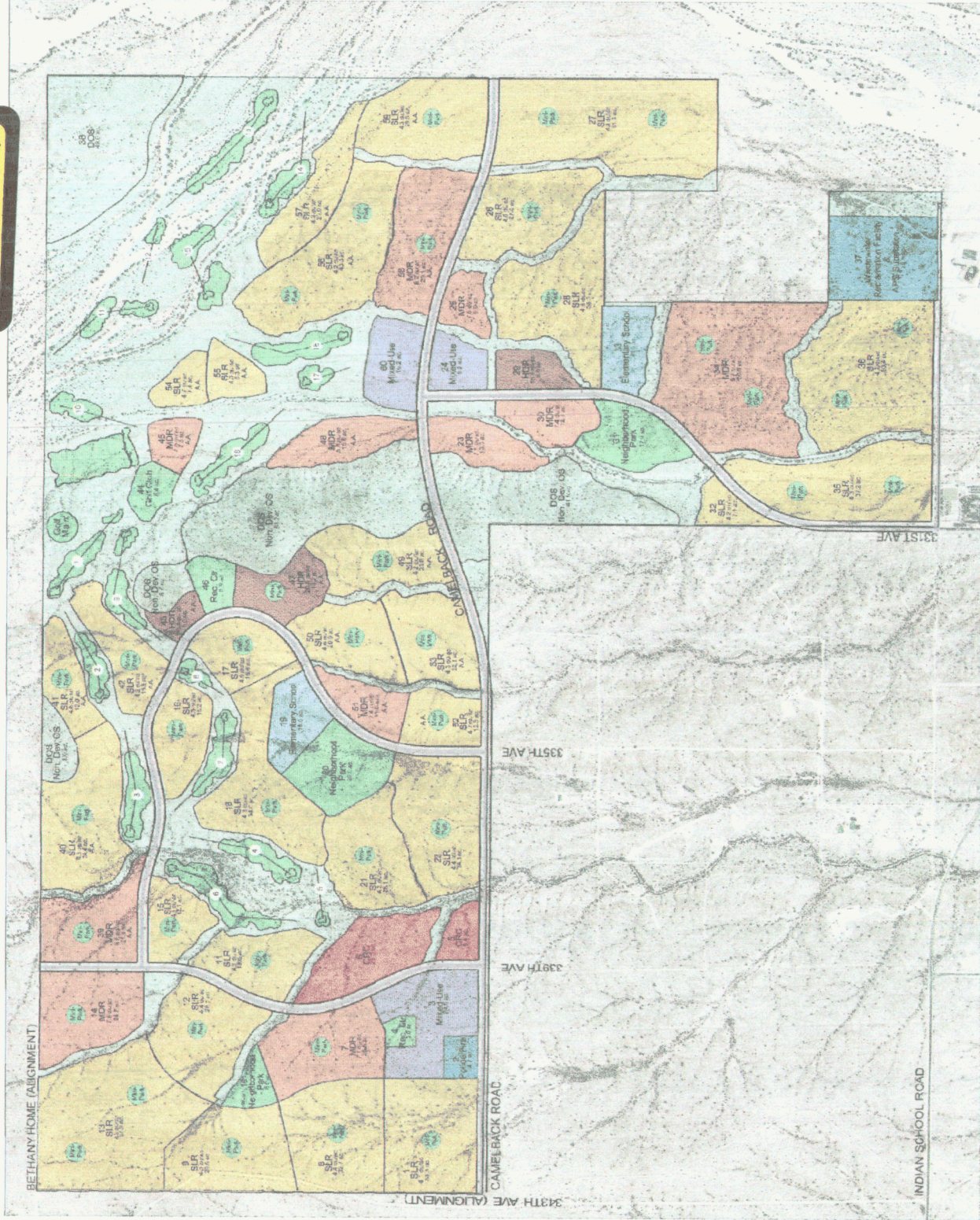


SWABACK PARTNERS Plc
Architecture & Planning

7800 East McDowell Drive
Scottsdale, Arizona 85250
www.swabackpartners.com
info@swabackpartners.com

Scale: 1" = 20' Miles
1" = 1,100' 1" = 3,300'

Date: 06 April 05
Rev: 22 August 05



Phase 1 Infrastructure

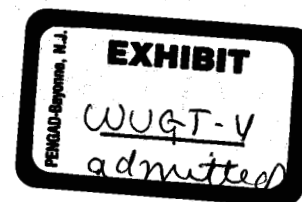
Utilities - Water

Index	Material	Quantity	Unit	Cost Per Unit	Total
1	24" D.I.P.	7644	lf	\$63.00	\$481,572.00
2	18" D.I.P.	5508	lf	\$52.00	\$286,416.00
3	16" D.I.P.	12353	lf	\$41.00	\$506,473.00
4	12" D.I.P.	5040	lf	\$30.00	\$151,200.00
6	24" Gate Valve Box and Cover	15	ea	\$4,500.00	\$67,500.00
7	18" Gate Valve Box and Cover	11	ea	\$1,200.00	\$13,200.00
8	16" Gate Valve Box and Cover	25	ea	\$4,500.00	\$112,500.00
9	12" Gate Valve Box and Cover	10	ea	\$1,200.00	\$12,000.00
11	Fire Hydrant (Complete)	61	ea	\$1,900.00	\$115,900.00
12	Well 1	1	ea	\$800,000.00	\$800,000.00
13	Well 2	1	ea	\$800,000.00	\$800,000.00
16	Reservoir Tank 1	1500000	gal	\$1.00	\$1,500,000.00
				Total	\$4,846,761.00

Phase 2 Infrastructure

Utilities - Water

Index	Material	Quantity	Unit	Cost Per Unit	Total
3	16" D.I.P.	3055	lf	\$41.00	\$125,255.00
8	16" Gate Valve Box and Cover	6	ea	\$4,500.00	\$27,000.00
11	Fire Hydrant (Complete)	6	ea	\$1,900.00	\$11,400.00
				Total	\$163,655.00



Phase 3 Infrastructure

Utilities - Water

Index	Material	Quantity	Unit	Cost Per Unit	Total
3	16" D.I.P.	15708	lf	\$41.00	\$644,028.00
4	12" D.I.P.	8509	lf	\$30.00	\$255,270.00
8	16" Gate Valve Box and Cover	31	ea	\$4,500.00	\$139,500.00
9	12" Gate Valve Box and Cover	17	ea	\$1,200.00	\$20,400.00
11	Fire Hydrant (Complete)	48	ea	\$1,900.00	\$91,200.00
14	Well 3	1	ea	\$800,000.00	\$800,000.00
15	Well 4	1	ea	\$800,000.00	\$800,000.00
17	Reservoir Tank 2	1500000	gal	\$1.00	\$1,500,000.00
				Total	\$4,250,398.00

Phase 4 Infrastructure

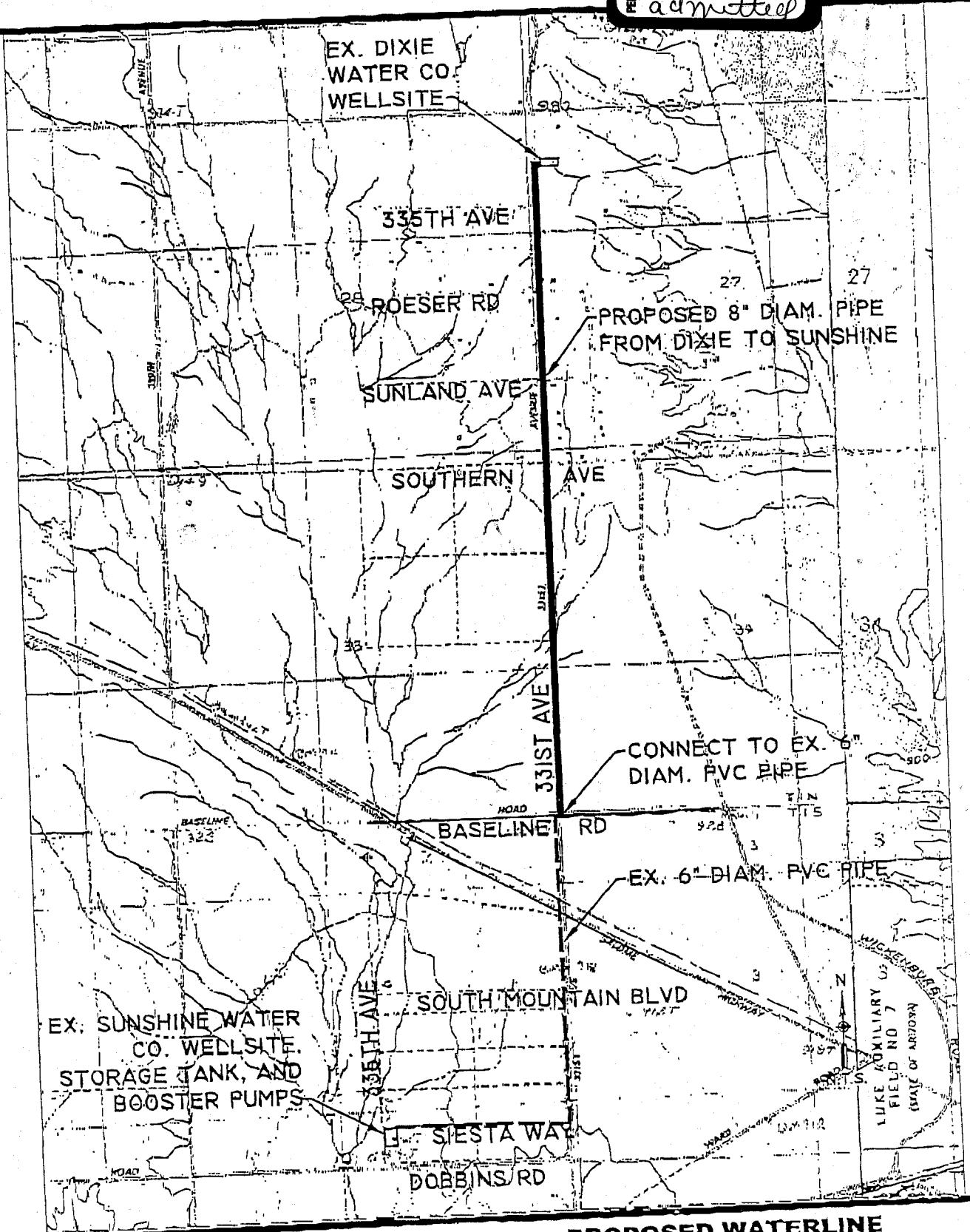
Utilities - Water

Index	Material	Quantity	Unit	Cost Per Unit	Total
4	12" D.I.P.	3951	lf	\$30.00	\$118,530.00
9	12" Gate Valve Box and Cover	8	ea	\$1,200.00	\$9,600.00
11	Fire Hydrant (Complete)	8	ea	\$1,900.00	\$15,200.00
				Total	\$143,330.00

PERIOD-September, N.J.

WUGT-5
admitted

S:/CLIENTS/WATER UTILITY OF GREATER TONOPAH/ACAD/DIXIE-SUNSHINE WATERLINE/PRELIMINARY.DWG 8-22-05



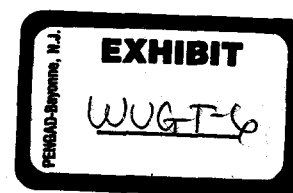
PROPOSED WATERLINE



Fluid Solutions

Water, Wastewater, Engineering & Environmental Services
3141 EAST MISSOURI AVENUE SUITE 100 - PHOENIX, ARIZONA 85014

WATER UTILITY OF GREATER TONOPAH
CONNECTION OF DIXIE AND SUNSHINE WATER COMPANIES



William Sullivan

From: John Mihlik, Sr. [johnmihlik@wmcwater.com]
Sent: Tuesday, October 04, 2005 3:03 PM
To: William Sullivan
Subject: FW: compliance review

Bill:
 Report from MCES that all problems have been resolved.

John

From: Jack Meister [mailto:jack@wmcwater.com]
Sent: Tuesday, October 04, 2005 2:55 PM
To: 'Jenny Young - ENVX'
Cc: John Mihlik Sr.
Subject: RE: compliance review

Thank you again for your help Jenny

Jack Meister

From: Jenny Young - ENVX [mailto:JYoung@mail.maricopa.gov]
Sent: Tuesday, October 04, 2005 2:41 PM
To: jack@wmcwater.com
Subject: RE: compliance review

Mike confirms that the operation and maintenance items were corrected for 07-733. Again, we are sending out the letter stating that lead and copper monitoring is okay for 07-037. And Doug has informed you that the public notice for fluoride meets requirements, pending distribution. I've sent you the latest compliance review for 07-618 showing full compliance for the system. In short, the items you asked about have been corrected. Thank you for your prompt actions.

Genevieve Young
 Lead Environmental Specialist
 Drinking Water Program
 (602) 506-0462
 (602) 506-6925 (Fax)
 jyoung@mail.maricopa.gov

From: Jack Meister [mailto:jack@wmcwater.com]
Sent: Tuesday, October 04, 2005 10:58 AM
To: Jenny Young - ENVX
Subject: compliance review

Jenny:

I need your help please, is it possible to get the following deficiencies (that were reported to the ACC) checked to show we have complied with drinking water rules.

- 1) 07-618 updated MSSP to show merger with 07-706.
- 2) 07-733 system has minor O&M deficiencies due to exposed wiring, and other debris. (this was addressed by Mike Mallette on 8-19-2005)

10/6/2005

3) 07-037 failed to report lead and copper monitoring and provide public notice for fluoride.

I need this addressed for review by the ACC by Wednesday 10-5-05. And a full compliance review for all of the Water Utility of Greater Tonopah systems as soon as it is possible.

Thank you!!!!

Jack Meister
Operations Manager

10/6/2005

FILE COPY
MEMORANDUM

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LEGAL

TO: Docket Control
Arizona Corporation Commission

2005 SEP 30 A 11:02

FROM: Ernest G. Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

Date: September 30, 2005

RE: AMENDED STAFF REPORT FOR THE APPLICATION FOR EXTENSION
OF WATER UTILITY OF GREATER TONOPAH, INC., AN ARIZONA
CORPORATION FOR AN EXTENSION OF CERTIFICATE OF
CONVENIENCE AND NECESSITY TO ENCOMPASS ALL OR PORTIONS
OF SECTIONS 15, 17 AND 22, T2N, R5W, G&SRB&M, MARICOPA
COUNTY, ARIZONA (AKA THE HASSAYAMAPA RANCH
DEVELOPMENT) DOCKET NO. W-02450A-04-0837

Attached is the Amended Staff Report for the Water Utility of Greater Tonopah, Inc. application for the extension of its Certificate of Convenience and Necessity for water service. Staff's recommendation has changed from approval of an Order Preliminary in the original Staff Report to approval of the Certificate of Convenience and Necessity subject to compliance requirements.

EGJ:LAJ:red

Originator: Linda A. Jaress

Attachment: Original and 13 Copies

RECEIVED

SEP 30 2005

LEGAL DIV.
ARIZ. CORPORATION COMMISSION



Service List for: Water Utility of Greater Tonopah, Inc.
Docket No. W-02450A-04-0837

Mr. William P. Sullivan
Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
2712 North Seventh Street
Phoenix, Arizona 85006-1090

Mr. J. John Mihlik
Water Utility of Greater Tonopah, Inc.
3800 North Central Avenue, Suite 700
Phoenix, Arizona 85012

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

AMENDED STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

WATER UTILITY OF GREATER TONOPAH, INC.
DOCKET NO. W-02450A-04-0837

APPLICATION FOR EXTENSION
OF EXISTING CERTIFICATE OF
CONVENIENCE & NECESSITY

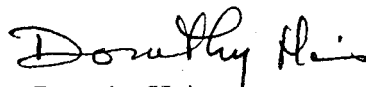
SEPTEMBER 30, 2005

STAFF ACKNOWLEDGMENT

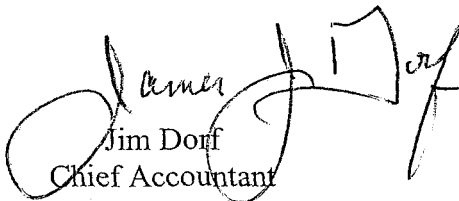
The Staff Report for Water Utility of Greater Tonopah, Inc. W-02450A-04-0837 was prepared by the Staff members signed below. Linda Jaress prepared the Staff Report, Dorothy Hains prepared the Engineering Report and Jim Dorf prepared the Finance and Regulatory Accounting Report.




Linda A. Jaress
Executive Consultant III



Dorothy Hains
Utilities Engineer



Jim Dorf
Chief Accountant

EXECUTIVE SUMMARY
WATER UTILITY OF GREATER TONOPAH, INC.
DOCKET NO. W-02450A-04-0837

On November 19, 2004, the Water Utility of Greater Tonopah ("Greater Tonopah" or "the Company") filed an application with the Arizona Corporation Commission ("Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in a portion of Maricopa County. Greater Tonopah operates 7 individual water systems. The largest system serves 72 customers while the smallest serves 6 customers. Only one of the systems has adequate production and storage capacity to serve existing customers.

The extension is requested to serve the Hassayampa Ranch master-planned community comprised of approximately 2066 acres. The developer intends to develop a total of approximately 6,000 connections in four phases and will commence work on Phase 1 in mid-2006.

Staff recommends the Commission approve the Greater Tonopah application for an extension of its CC&N within portions of Maricopa County, Arizona with the following compliance requirements:

1. The storage and production deficiencies outlined in the Company's system improvement plan submitted to Staff on September 9, 2005, be corrected no later than December 31, 2006.
2. The Company submit to the Commission's Docket Control Section as a compliance item in this case, a copy of the Arizona Department of Environmental Quality ("ADEQ") or Maricopa County Environmental Services Department ("MCESD") "Approval To Construct" for its water source/treatment plant and water distribution system within one year of the effective date of the final decision issued for this Application.
3. The Company file with the Commission's Docket Control Section as a compliance item in this case, a copy of the developer's Certificate of Assured Water Supply, where applicable or when required by statute, within one year of the effective date of the final decision for this Application.
4. The Company file with the Commission's Docket Control Section as a compliance item in this case, documents showing that its arsenic removal plan, including point of use, blending and centralized treatment, has been sent to MCESD by December 31, 2005.
5. Staff recommends that the Company be in full compliance with the requirements of the Maricopa County Drinking Water Program by December 31, 2005 and submits to the Docket Control Section as a compliance item in this case, the document showing

the Company is in full compliance with the requirements of the Maricopa County Drinking Water Program

6. The Company file with the Commission's Docket Control Section as a compliance item in this case, documents showing compliance with the new arsenic standard by June 30, 2006.
7. Staff continues to recommend that the Company submit, by December 31, 2005, proposed stand alone rates to be applied solely to the Hassayampa extension area. In the alternative, the Company should provide documentation to demonstrate that its existing customers will be positively impacted by the addition of the new water facilities necessary to serve the new CC&N if it intends to use its existing rates for the Hassayampa Ranch extension area, also by December 31, 2005.
8. The Company be ordered to file a copy of the applicable County franchise with Docket Control as a compliance item in this case, by December 31, 2006.

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FINANCE OF UTILITY FACILITIES FOR EXTENSION.....	2
RECOMMENDATIONS.....	2

EXHIBITS

Amended Engineering Report.....	Exhibit 1
Updated Finance and Regulatory Report.....	Exhibit 2

Introduction

On November 19, 2004, the Water Utility of Greater Tonopah ("Greater Tonopah" or "the Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in a portion of Maricopa County. On June 20, 2005, Staff filed a letter indicating that the Company's application met the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-402(C) and R14-2-602(B).

Background

Greater Tonopah operates under rates and charges effective January 1, 2002. The Company was formed by the combination of several other water companies over many years which account for the seven distinct water systems that comprise Greater Tonopah.

The Company is located west of Phoenix and serves various locations from 331st Avenue west to 555th Avenue and from Elliot Road north to Glendale. According to the 2004 annual report to the Commission, the Company serves 214 customers. The report also indicates that for the year ending December 31, 2004 the Company generated net income of \$6,787 from revenues of \$151,713.

The Company is a corporation in good standing with the Corporations Division of the Commission. According to the Utilities Division Compliance Section, the Company has no outstanding ACC compliance issues.

The extension is requested to serve the Hassayampa Ranch master-planned community comprised of approximately 2,066 acres in the vicinity of Camelback Road and 339th Avenue. The developer intends to develop a total of approximately 6,000 connections in four phases and will commence work on Phase 1 in mid-2006. The requested extension area is about 2 miles northeast of the Company's current CC&N area and is not adjacent to it.

Changes from the Staff Report Filed August 2, 2005

The Staff report filed August 2, 2005, recommended the Commission issue an order preliminary based upon several unresolved issues relating to the Company's compliance with Maricopa County Environmental Services Department ("MCESD"). Staff believes that before a utility further extend its service, that it should be in compliance with Commission rules and orders and with the rules of other government bodies.

On August 25, 2005, a hearing was held during which the Administrative Law Judge determined that an additional hearing was necessary and requested that the parties work to resolve some of the issues.

Since the hearing, the Company has provided Staff with additional information regarding its compliance with MCESD. The Company's seven systems are now in full compliance and are delivering water that meets the water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

Attached as Amended Exhibit 1 is Staff's Engineering Report which further discusses the systems and compliance issues and provides new recommendations.

Finance of Utility Facilities for Extension

Attached as Exhibit 2 is an Updated Finance and Regulatory Accounting Report that addresses the Company's objection to Staff's Recommendation No. 4 in its Staff report.

Recommendations

Staff recommends the Commission approve the Greater Tonopah application for an extension of its CC&N within portions of Maricopa County, Arizona with the following conditions:

1. The storage and production deficiencies outlined in the Company's system improvement plan submitted to Staff on September 9, 2005, be corrected no later than December 31, 2006.
2. The Company submit to the Commission's Docket Control Section, as a compliance item in this case, a copy of the Arizona Department of Environmental Quality ("ADEQ") or MCESD "Approval To Construct" for its water source/treatment plant and water distribution system within one year of the effective date of the final decision issued for this Application.
3. The Company file with the Commission's Docket Control Section, as a compliance item in this case, a copy of the developer's Certificate of Assured Water Supply, where applicable or when required by statute, within one year of the effective date of the final decision for this Application.
4. The Company file with the Commission's Docket Control Section, as a compliance item in this case, documents showing that its arsenic removal plan, including point of use, blending and centralized treatment, has been sent to MCESD by December 31, 2005.
5. Staff recommends that the Company be in full compliance with the requirements of the Maricopa County Drinking Water Program by December 31, 2005 and submit to the Docket Control Section, as a compliance item in this case, the document showing

the Company is in full compliance with the requirements of the Maricopa County Drinking Water Program.

6. The Company file with the Commission's Docket Control Section, as a compliance item in this case, documents showing compliance with the new arsenic standard by June 30, 2006.
7. Staff continues to recommend that the Company submit, by December 31, 2005, proposed stand alone rates to be applied solely to the Hassayampa extension area. In the alternative, the Company should provide documentation to demonstrate that its existing customers will be positively impacted by the addition of the new water facilities necessary to serve the new CC&N if it intends to use its existing rates for the Hassayampa Ranch extension area, also by December 31, 2005.
8. The Company be ordered to file a copy of the applicable County franchise with Docket Control, as a compliance item in this case, by December 31, 2006.

MEMORANDUM

DATE September 14, 2005

TO: Linda Jaress

FROM: Dorothy Hains **DH**

RE: **AMENDED ENGINEERING REPORT**
Water Utility of Greater Tonopah, Inc. Application to extend its
CC&N to provide water service
Docket Nos. W-02450A-04-0837

I. Introduction

Water Utility of Greater Tonopah ("WUGT") has submitted a Certificate of Convenience and Necessity (CC&N) extension application to provide water services near the City of Buckeye in southwest Maricopa County. WUGT currently serves approximately a 62 square mile area. The requested extension area is approximately three square miles in size and northeast of the existing CC&N area but not adjacent to it.

II. Water System Analysis

A. Existing Water Systems

WUGT operates seven individual water systems: (1) B&D/Buckeye Ranch System; (2) Roseview System; (3) Tufte & WPE #7 System; (4) Garden City/Big Horn System; (5) Dixie System; (6) WPE #6 System and (7) Sunshine System. The following table lists specific information about each of these systems:

System Name	B&D/Buckeye Ranch	Roseview	Tufte WPE #7	Garden City/Big Horn	Dixie	WPE #6	Sunshine
PWS ID#	07-618	07-082	07-617	07-037	07-030	07-733	07-071
# of wells	2	1	1	1	1	1	1
Total production (GPM)	145	30	20	30	40	20	130
# of storage tank	2	1	1	2	1	1	1

Total storage capacity (gallons)	155,000	10,000	5,000	45,000	10,000	7,500	100,000
Existing # of customers	65	14	6	15	21	21	72
Does system contain fire flow?	Yes	No	No	No	No	No	Yes
Is a storage and production capacity adequate?	Yes	Yes	Yes	Yes	Yes	Yes	No

Staff recommends that the storage and production deficiencies outlined in the Company's system improvement plan submitted to Staff on September 9, 2005, be corrected no later than December 31, 2006.

B. Proposed Water System

The proposed system will be a separate, stand alone system. The proposed system will consist of a minimum of seven wells which will have a total production rate of at least 250 gallons per minute ("gpm"). Two of the seven wells will be backup wells. The system will also include a 3 million gallon storage tank. According to the Company, all of these facilities will be installed prior to completion of the development which is expected to occur in mid-2006. The Company indicated two wells will be installed initially. Staff estimates that a minimum of three wells with production rate of 250 gpm may be necessary to meet demand if the three year growth projection of 1,900 connections actually occurs. The Company agrees to install more wells if and when they are needed to meet the demand based on actual growth.

III. Maricopa County Environmental Services Department ("MCESD") Compliance

A. Existing Systems

Staff received compliance status reports from MCESD. Summaries of the reports are listed below:

EXHIBIT 1

System Name	B&D	Buckeye Ranch	Roseview	WPE #7	Garden City/Big Horn	Dixie	WPE #6 & Tufte	Sunshine
PWS ID#	07-618	07-706	07-082	07-617	07-037	07-030	07-733	07-071
Status	Public system	Inactive	Public system	Semi-public	Public system	Public system	Public system	Public system
Regulated by MCESD?	Yes	No	Yes	No	Yes	Yes	Yes	Yes
Compliance status	Compliance	-	Compliant	-	Substantial Compliance	Compliant	Compliant	Compliant
Date received MCESD report	September 8, 2005		June 6, 2005		June 13, 2005	June 3, 2005	May 27, 2005	June 6, 2005

MCESD reported Garden City system has water quality monitoring/reporting deficiencies due to (1) fail to report lead and copper monitoring; and (2) fail to provide public notice for fluoride exceedance. However, MCESD has determined that all WUGT's systems are delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

Staff recommends that the Company be in full compliance with the requirements of the Maricopa County Drinking Water Program by December 31, 2005 and submit to the Docket Control Section as a compliance item in this case, the document showing the Company is in full compliance with the requirements of the Maricopa County Drinking Water Program.

B. Proposed System

ADEQ Capacity Development rules, effective September 23, 1999, require new public drinking water systems to meet (1) financial capacity, (2) managerial capacity, and (3) technical capacity requirements. ADEQ will accept a financial determination made by this Commission as meeting the financial capacity requirements for new water systems under the jurisdiction of the Commission. The technical and managerial capability is determined by ADEQ. All three components are combined in the final approval of the water company's "elementary business plan", pursuant to ADEQ rule R-18-4-606. The three components are reviewed and approved sequentially, with the technical capacity approval and "Approval to Construct" being the last performed. The Approval to Construct acts as a control point in the process, and once an Approval to Construct has been issued; it can be assumed that the water company has complied with the capacity development rules. Therefore, it is recommended that

WUGT submit to the Commission's Docket Control Section a copy of the ADEQ (or MCESD) "Approval To Construct" for water source/treatment plant and water distribution system within one year of the effective date of the final decision and order issued pursuant to this Application.

IV. Arizona Department of Water Resources ("ADWR") Compliance

WUGT is located in the Phoenix Active Management Area ("AMA"), as designated by ADWR. ADWR has indicated that WUGT is in compliance with the Phoenix AMA requirements. Staff recommends that WUGT shall file with the Commission a copy of the developers' Certificate of Assured Water Supply, where applicable or when required by statute within one year of the effective date of the final decision and order issued pursuant to this Application.

V. Arizona Corporation Commission ("ACC") Compliance

According to the Utilities Division Compliance Section, WUGT has no outstanding ACC compliance issues.

VI. Other Issues

A. Arsenic

(a) Existing System

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") or parts per billion ("ppb") to 10 $\mu\text{g/l}$. The date for compliance with the new MCL is January 23, 2006. The most recent lab analysis provided by the Company indicates that the arsenic levels in all wells except the Dixie well are between 11 $\mu\text{g/l}$ and 110 $\mu\text{g/l}$ which are above the new arsenic MCL. The Company states that it will install point of use, blending and centralized treatment to meet the new arsenic standard. Staff recommends the Company file with the Commission's Docket Control documents showing that its arsenic removal plan including point of use, blending and centralized treatment, has been sent to MCESD by December 31, 2005. Staff further recommends that the Company file with the Commission's Docket Control documents showing compliance with the new arsenic standard by June 30, 2006.

(b) Proposed water system

The Company states that an Arsenic Activated Alumina system will be installed as part of the proposed water system, if arsenic concentration in the proposed wells exceeds the new standard.

B. Curtailment Tariff

WUGT has an approved Curtailment Tariff that has been in effect since January 26, 2005.

VII. Summary**I. Conclusions**

1. WUGT has no outstanding ACC compliance issues.
2. WUGT is in compliance with ADWR monitoring and reporting requirements.
3. MCESD has determined that all WUGT's systems are delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

II. Recommendations

1. Staff recommends that the storage and production deficiencies outlined in the Company's system improvement plan submitted to Staff on September 9, 2005, be corrected no later than December 31, 2006.
2. Staff recommends that WUGT submit to the Commission's Docket Control Section as a compliance item in this case, a copy of the ADEQ (or MCESD) "Approval To Construct" for water source/treatment plant and water distribution system within one year of the effective date of the final decision and order issued pursuant to this Application.
3. Staff recommends that WUGT shall file with the Commission Docket Control Section as a compliance item in this case, a copy of the developers' Certificate of Assured Water Supply, where applicable or when required by statute within one year of the effective date of the final decision and order issued pursuant to this Application.
4. Staff recommends the Company file with the Commission's Docket Control Section as a compliance item in this case, documents showing that its arsenic removal plan including point of use, blending and centralized treatment, has been sent to MCESD by December 31, 2005. Staff further recommends that the Company file with the Commission's Docket Control Section as a compliance item in this case, documents showing compliance with the new arsenic standard by June 30, 2006.
5. Staff recommends that the Company be in full compliance with the requirements of the Maricopa County Drinking Water Program by December 31, 2005 and submit to the Docket Control Section as a compliance item in this case,

the document showing the Company is in full compliance with the requirements of the Maricopa County Drinking Water Program

DATE: September 26, 2005

TO: Linda Jaress
Executive Consultant III

From: James J. Dorf
Chief Accountant

RE: Updated Finance and Regulatory Report
Water Utility of Greater Tonopah, Inc.
Docket No. W-02450A-04-0873 (CC&N Extension)

Introduction

Water Utility of Greater Tonopah, Inc. ("Company") has submitted to the Arizona Corporation Commission ("Commission") an application to extend its current Certificate of Convenience and Necessity ("CC&N") to provide domestic water service to an area northwest of, but not adjacent to, its current service territory. The Company is seeking to expand its certificated area to serve a proposed development known as the Hassayampa Ranch ("Hassampaya").

Staff issued its initial Report on the Company's application on August 7, 2005.

On September 9, 2005, the Company filed additional documentation including its Water Infrastructure Financing Authority loan application and financial projections through the year 2025. Staff is currently reviewing this information and may require additional information to complete its analysis.

The Company's Objection to Recommendation No. 4

On August 17, 2005, the Company filed objections to the Staff Report. Among other issues, the Company objected to Staff recommendation No. 4 that requires the Company file for Commission approval by December 31, 2005, stand-alone rates to be applied solely to the extension area.

The Company contends that "Staff has made no showing, nor can it, that applying the rates already approved for its existing customers to the extension area somehow disadvantages the existing customers."

Staff's objective in not applying existing rates to the extension area was to protect both the new customers as well as existing customers. Based upon Staff's preliminary evaluation, the Hassayampa Ranch stand alone pro forma monthly bill would be \$66.17, versus the Company's existing rates which would produce a monthly bill of \$41.67.¹

¹ Staff Report, dated August 2, 2005, Schedule JJD-7.

Since the Company has not demonstrated that existing customers will benefit from the Hassayampa development, their rates should not be affected.

Conversely, if the Company initially utilizes existing rates for the Hassayampa development, those customers would face a significant increase in their rates when the Company files for new rates.

The Company has provided Staff with new pro forma financial statements which are currently being evaluated. The pro forma amounts indicate that in the year 2010 the consolidated² net plant balance will approximate \$9,226,296.³ The projected total for meter deposits, advances in aid of construction ("AIAC"), contributions in aid of construction ("CIAC") will total \$8,077,663. This means that approximately 87 percent of the water company plant is funded by developers and customers. The other 13 percent is provided by internally generated funds and a WIFA loan during the first five years. The pro forma projections indicate that no new equity will be contributed by the Company.

Staff generally recommends that any combination of AIAC and CIAC not exceed 25-30 percent of the capital expenditure costs. Staff's concern is that privately owned water companies that have no rate base and low equity balances may not be committed to providing long term customer service.

Staff Recommendations

Staff continues to recommend that the Company submit, by December 31, 2005, proposed stand alone rates to be applied solely to the Hassayampa extension area. In the alternative, the Company should provide documentation to demonstrate that its existing customers will be positively impacted by the addition of the new water facilities necessary to serve the new CC&N if it intends to use its existing rates for the Hassayampa Ranch extension area, also by December 31, 2005.

² Includes existing customers and the Hassayampa extension.

³ Exhibit 3 – B Five Year Projections, Company memorandum dated September 9, 2005.

RECEIVED

AUG 5 5 2005

AZ Corporation Commission
Utilities - Engineering

EX. SUNSHINE WATER
CO. WELLSITE,
STORAGE TANK, AND
BOOSTER PUMPS

EX. DIXIE
WATER CO
WELLSITE

335TH AVE

ROESER RD

SUNLAND AVE

SOUTHERN AVE

BASELINE RD

SOUTH MOUNTAIN BLVD

DOBBINS RD

PROPOSED 8" DIAM. PIPE
FROM DIXIE TO SUNSHINE
LENGTH: APPROX. 9850 LF,
PRELIM. EST COST: \$197,000

CONNECT TO EX. 6"
DIAM. PVC PIPE

EX. 6" DIAM. PVC PIPE

SIESTA WAY

EXHIBIT

S-2

PERMAD-Sunshine, N.J.

admitted



Fluid Solutions

Water, Wastewater, Engineering & Environmental Services
1121 EAST MISSOURI AVENUE • SUITE 100 • PHOENIX, ARIZONA 85014

PROPOSED WATERLINE

WATER UTILITY OF GREATER TONOPAH
CONNECTION OF DIXIE AND SUNSHINE WATER COMPANIES



Maricopa County
Environmental Services Department



PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT

System Name: Water Utilitiy of Greater Tonopah - Garden City
PWS ID#: 07-037

Type of System: Community Number of POE's: 1 Surface Water: N/A
Number of Service Connections: 15 Population Served: 50

Assigned Monitoring Dates - Initial: 1/1/98 Phase II: 1/1/98 Phase V: 1/1/98

Does the water system have a Certified Operator? Yes

Does the system have major treatment plant deficiencies? No
Please describe: _____

Date of last inspection: April 2, 2004

Does the system have major O & M deficiencies? Minor
Please describe: _____

Does the system have water quality monitoring/reporting deficiencies? Yes
Please describe: The water system has not reported two consecutive quarters of lead and copper monitoring. System needs to ensure that public notice for fluoride exceedance is performed.

General Public Water System Compliance Status? **Substantial Compliance**

Date of compliance review: **June 7, 2004** By: **Doug Taylor R.S.** Initials: _____
Phone: **(602) 506-6631**

Requested By: Dorothy Hains Fax Number/ Contact: 602-542-0766 Tracking Number: 924
Supervisor Initials: GY Date: 6/9/05

Drinking Water Program
John Kolman, Manager

1001 N. Central Ave., Suite 150 Phoenix, Arizona 85004-1940 Phone: (602) 506-6666 Fax: (602) 506-6925

ORIGINAL

EXHIBIT

S-4

admitted

WATER TARIFF SCHEDULE

UTILITY: Water Utility of Greater Tonopah, Inc.
DOCKET NO. W-02450A-99-0325

DECISION NO. 62092
EFFECTIVE: 1/1/2000

RATES AND CHARGES

CUSTOMER MINIMUM CHARGES PER MONTH

<u>METER</u>	<u>CHARGES</u>	<u>GALLONS</u>
5/8 x 3/4"	\$ 17.50	0,000
3/4"	\$ 17.50	0,000
1"	\$ 45.00	0,000
1 1/2"	\$ 85.00	0,000
2"	\$ 145.00	0,000
3"	\$ 270.00	0,000
4"	\$ 450.00	0,000
6"	\$ 900.00	0,000

SERVICE LINE & METER INSTALLATION CHARGES *

<u>METERS</u>	<u>CHARGES **</u>
5/8 x 3/4"	\$ 485.00
3/4"	\$ 485.00
1"	\$ 570.00
1 1/2"	\$ 775.00
2"	\$ 1,900.00
3"	\$ 2,490.00
4"	\$ 3,615.00
6"	\$ 6,810.00

GALLONAGE CHARGES (PER 1,000 GALLONS):

FROM 0 TO 12,000 GALLONS	\$ 4.10
OVER 12,000 GALLONS	\$ 5.25

CONSTRUCTION (STAND PIPE):

CHARGE PER 1,000 GALLONS	\$ 4.10
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SERVICE CHARGES:

1. ESTABLISHMENT (R14-2-403.D.1)	\$30.00
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2)	\$45.00
3. RECONNECTION/DELINQUENT (R14-2-403.D.1)	\$30.00
4. METER TEST/IF CORRECT (R14-2-408.F.1)	\$30.00
5. DEPOSIT (R14-2-403.B.7)	***
6. DEPOSIT INTEREST	***
7. REESTABLISHMENT WITHIN 12 MONTHS (R14-2-403.D.1)	****
8. NSF CHECK (R14-2-409)	\$15.00
9. DEFERRED PAYMENT (PER MONTH)	1.5%
10. METER REREAD/IF CORRECT (R14-2-403.C.2)	\$20.00
11. LATE PAYMENT PENALTY	\$ 3.00

- * REFUNDABLE PURSUANT TO A.A.C. R14-2-405.
- ** COSTS FOR BORING UNDER HIGHWAY OR PAVEMENT ARE ADDITIONAL AT ACTUAL COST.
- *** PER COMMISSION RULES A.A.C. R14-2-403(B).
- **** MONTHS OFF SYSTEM TIMES THE MINIMUM A.A.C. R14-2-403(D).

OTHER RATES AND CHARGES APPROVED BY ORDER:

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

ABOVE RATES ARE EFFECTIVE FOR ALL DIVISIONS/SYSTEMS.

APPROVED FOR FILING

DECISION #: 62092